

# MAYOR & COUNCIL AGENDA COVER SHEET

**MEETING DATE:**

May 1, 2006

**CALL TO PODIUM:**

Harold Belton

**RESPONSIBLE STAFF:**

Harold Belton, Director Finance  
and Administration

**AGENDA ITEM:**

(please check one)

	Presentation
	Proclamation/Certificate
	Appointment
	Public Hearing
	Historic District
	Consent Item
	Ordinance
	Resolution
	Policy Discussion
	Work Session Discussion Item
X	Other: Notification of Public Hearing

**PUBLIC HEARING HISTORY:**

(Please complete this section if agenda item  
is a public hearing)

Introduced	05/01/06
Advertised	04/26/06
Hearing Date	
Record Held Open	
Policy Discussion	

**TITLE:**

Notification of a Public Hearing to Establish a Constant Yield  
Tax Rate for the City of Gaithersburg for Tax Year Beginning  
July 1, 2006

**SUPPORTING BACKGROUND:**

In order to comply with state law, a public hearing is required  
if the tax rate proposed for the fiscal year exceeds the  
Constant Yield Tax Rate.

In accordance with state law, as the City's assessable tax  
base increases, causing the amount of revenue from year to  
year to increase, the City must hold a public hearing to inform  
citizens of that increase. As projected by the State  
Department of Assessments and Taxation, the City's  
assessable base will increase by 12.6 percent in FY 2007. As  
the City's assessments increase, the tax rate needed to  
generate the amount of revenue for the prior year decreases.  
This Constant Yield Tax Rate would ensure that the City's tax  
revenue would remain flat from FY 2006 to 2007.

In order to make real property tax bills simpler and easier to  
understand, the General Assembly, under Chapter 80 of the  
Acts of 2000, has required that property tax rates on real  
property be based on a full (100%) cash value assessment  
replacing the historical 40% of cash value.

The City of Gaithersburg is proposing a tax rate of \$.212  
which will exceed the \$.188 Constant Yield Tax Rate,  
therefore requiring a public hearing.

**DESIRED OUTCOME:**

Make Announcement that the Public Hearing for the  
Constant Yield Tax will be held May 15, 2006.

**CITY OF GAITHERSBURG NOTICE  
OF A PROPOSED  
REAL PROPERTY TAX INCREASE**

The Mayor and City Council of the City of Gaithersburg proposes to increase real property taxes.

1. For the tax year beginning July 1, 2006, the estimated real property assessable base will increase by 12.6%, from \$5,928,172,982 to \$6,675,443,412.

2. If the City of Gaithersburg maintains the current tax rate of \$0.212 per \$100 of assessment, real property tax revenues will increase by 12.6%, resulting in \$1,584,213 of new real property tax revenues.

3. In order to fully offset the effect of increasing assessments, the real property tax rate should be reduced to \$0.188, the constant yield tax rate.

4. The City is considering not reducing its real property tax rate enough to fully offset increasing assessments. The City proposes to adopt a real property tax rate of \$0.212 per \$100 of assessment. This tax rate is 12.8% higher than the constant yield tax rate and will generate \$1,584,213 in additional property tax revenues.

A public hearing on the proposed real property tax increase will be held at 7:30 p.m., May 15, 2006, at City Hall, 31 South Summit Avenue, Gaithersburg, Maryland 20877.

The hearing is open to the public, and public testimony is encouraged.

Persons with questions regarding this hearing may call 301-258-6310 for further information.

### NOTICE OF PUBLIC HEARING

Pursuant to Section 41 of the Charter of the City of Gaithersburg, Maryland, the Mayor and City Council of the City of Gaithersburg will hold a public hearing on:

**MONDAY**  
**May 15, 2006**  
**at 7:30 P.M.**

or as soon thereafter as it can be heard in the Council Chambers at City Hall, 31 South Summit Avenue, Gaithersburg, Maryland, for the purpose of receiving written and oral comments from the public concerning the proposed annual budget for Fiscal Year 2006-2007.

All interested persons, citizen groups, and organizations are encouraged to attend the hearing and submit comments.

Under the proposed budget, the property tax rate for the City of Gaithersburg remains at **\$0.53 per \$100 of assessed value**. Additionally, the ad valorem tax on tangible personal property subject to taxation by the City shall remain at the rate of **\$0.53 per \$100 of assessed value**. Generally, the proposed budget is summarized as follows:

#### **REVENUE**

Local Taxes	\$16,851,230	
Licenses and Permits	3,041,765	
Intergovernmental Revenue	15,993,225	
Service Charges	3,982,300	
Fines and Forfeitures	320,500	
Miscellaneous Revenues	<u>3,179,597</u>	
Anticipated Revenue		\$43,368,617
Reappropriation		<u>3,017,253</u>
<b>TOTAL</b>		<b><u>\$46,385,870</u></b>

#### **EXPENDITURES**

General Government	\$7,974,471	
Public Safety	8,399,049	
Public Works	6,842,369	
Parks, Recreation & Culture	7,948,226	
Community Services and Development	2,057,399	
Miscellaneous	<u>1,974,301</u>	
<b>TOTAL OPERATING EXPENDITURES</b>		<b>\$35,195,815</b>

#### **CAPITAL IMPROVEMENTS**

<b>TOTAL CAPITAL IMPROVEMENTS</b>		<b>\$11,190,055</b>
<b>TOTAL PROPOSED EXPENDITURES</b>		<b><u>\$46,385,870</u></b>

Copies of the proposed budget will be available May 8, 2006, at City Hall, 31 South Summit Avenue, Gaithersburg, Maryland, during regular business hours Monday through Friday, 8:00 a.m. to 5:00 p.m.

David B. Humpton  
City Manager